

ELECTRONIC MEMORANDUM

TO: Agency Heads

FROM: Samuel L. Wilkins

DATE: December 18, 2014

SUBJECT: Affordable Care Act

Dear State Agency Head,

The Affordable Care Act [ACA] generally requires Applicable Large Employers [ALEs] to offer affordable health coverage providing minimum value to their full-time employees (and their dependents) or potentially be subject to an employer shared responsibility payment [“Play or Pay”]. Although ALE status is determined by looking at all members of the ALE together, liability for any penalties imposed under the ACA applies on an ALE member by member basis, which for the State of South Carolina would be on a state agency by state agency basis.

The Obama administration directed the Internal Revenue Service [IRS] to issue regulations which ease compliance for larger employers that are subject to the mandate beginning in 2015. For 2015, the regulations provide that covered employers need offer coverage to only 70 percent or more of their full-time employees, as defined by the ACA, and at least 95% after 2015.

In addition, the regulations also addressed reporting.

Reports required by PEBA as the health insurer:

- Section 6055 requires anyone that provides minimum essential coverage to an individual during a calendar year to report to the IRS using Form 1095-B [Health Coverage]. This information is used to determine the months in which an individual was covered by minimum essential coverage.
- PEBA has indicated that it will file this form and the first filing is due in March 31, 2016, for CY2015.
- Health insurers must also furnish a statement to plan participants or retirees by January 31, 2016, that includes the reportable information for CY2015.

Reports required by the ALE:

- Section 6056 requires an ALE member to report to the IRS on the health care coverage offered to its full-time employees using Forms 1094-C [Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns] and 1095-C [Employer-Provided Health Insurance Offer and Coverage]. This information is used to determine an employee’s eligibility for the premium tax credit and to administer § 4980H.
- The first filing for the Section 6056 report is due February 29, 2016 (or March 31, 2016, if filed electronically) for CY2015.

- Employers must also furnish certain information to each full-time employee identified on the report by January 31, 2016, for CY2015.

Over the past several months, PEBA and the State Human Resources Division have communicated information about the ACA to Benefits Administrators and Human Resources Directors as it was made available by the federal government. In addition, the IRS's website contains information about the ACA. Additional information will be communicated as it is received.